

Worksession

Agenda Item #	6
Meeting Date	January 26, 2004
Prepared By	Daryl Braithwaite, Deputy Public Works Director
Approved By	Richard M. Finn City Manager

Discussion Item	Option To Purchase Wind Generated Electricity																					
Background	<p>The City Council has indicated its support in the past for taking local actions to reduce the amount of ozone depleting chemicals produced as a result of burning fossil fuels.</p> <p>The City has recently received a proposal from a company that supplies wind generated electricity. The company, WindCurrents, has a new wind farm located in Tucker County, West Virginia. They have offered the City the ability to purchase Renewable Energy Certificates to offset a percentage of the City’s electricity consumption. The offer would provide between 500 and 900 Megawatts (MWhs) of wind generated electricity for a price premium of \$11 per MWh or \$1.1 cents per kilowatt (KWh). Beyond 900 MWhs the price would be \$16.50 per MWh or 1.65 cents per KWh. This price would be in addition to normal charges the City currently pays for each kilowatt of power used which averages about 7 cents per kilowatt. WindCurrents requires a finalized contract and payment by February 15, 2004.</p> <p>The City uses approximately 1,773,000 KWh of power annually for City Buildings, Streetlights and small meter usage (784,000 KW for buildings, 982,000 KW for streetlights and 7,000 KW for small meters).</p> <p>WindCurrent would be able to supply any amount of wind power that the City would select. However, the price offered requires a minimum purchase of 500 MWhs. The chart below outlines several options:</p> <table><tr><td>% of power</td><td>Equivalent Usage</td><td>Additional Price</td></tr><tr><td>100%</td><td>City Buildings Usage</td><td>\$8,620</td></tr><tr><td>100%</td><td>Streetlight Usage</td><td>\$11,260</td></tr><tr><td>100%</td><td>All Electric Usage</td><td>\$24,300</td></tr><tr><td>50%</td><td>City Building Use</td><td>does not meet the minimum threshold</td></tr><tr><td>50%</td><td>Streetlight Usage</td><td>\$5,400</td></tr><tr><td>50%</td><td>All Electric Usage</td><td>\$9,750</td></tr></table> <p>The City could also choose to purchase the wind power based on the next 6 months of consumption. The quantity purchased would need to be between 500 MWh and 887 MWhs at a cost of \$5,500 to \$9,750.</p> <p>We currently purchase electricity from Washington Gas Energy Services, through a cooperative purchase with Montgomery County. Our contract ends this June (6/30/04). The County is currently preparing a new RFP for the next contract period. The County will require the selected electricity supplier to provide a minimum of</p>	% of power	Equivalent Usage	Additional Price	100%	City Buildings Usage	\$8,620	100%	Streetlight Usage	\$11,260	100%	All Electric Usage	\$24,300	50%	City Building Use	does not meet the minimum threshold	50%	Streetlight Usage	\$5,400	50%	All Electric Usage	\$9,750
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	5% green power. The County estimates that the price premium for green power through their contract will be 1.5 - 1.8 cents per KWh. The offer the City has received from WindCurrents is expected to be less expensive at a cost of 1.1 cents per KWh.
Policy	
Fiscal Impact	Potential range of costs from \$5,000 to \$25,000
Attachments	WindCurrent brochure
Recommendation	Continue in the cooperative purchase group with Montgomery County for electricity for FY05. This will provide the City with the lowest price electricity we can receive for our main supply. In addition, if the Council so chooses, the City could contract separately with WindCurrents for a 6 month or 12 month period for wind generated electricity. The amount of the purchase is dependent upon the spending level the Council chooses but requires a minimum of \$5,500. If the City were to make a green power purchase it would receive recognition from EPA's Green Power Partnership.
Special Consideration	